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SECTION I. SUMMARY OF TRENDS AND DEVELOPMENTS

US efforts to secure UK adoption of a civil air policy vis-a-vis the USSR and its Satellite States consistent with the newly formulated US policy, if successful, may have far-reaching effects. The US will now require transit and commercial landing rights in the USSR as a prerequisite to the reciprocal exchange of civil air rights with the Satellite States. (Finland is specifically excepted.) A strong US-UK stand in this respect will, it is believed, induce other European powers to apply the same requirements in their dealings with the USSR and Satellite States and thus effectively deny to Soviet and Satellite civil air carriers the opportunity for operations in areas outside Soviet-controlled territory. The US, UK and France, however, regardless of the extent of cooperation by other countries, could effectively terminate the operation of Satellite airlines into Western Europe through denial of transit rights through the zones of military occupation.

Despite vigorous opposition from domestic shipping and stevedoring interests, the Chinese Ministry of Communications is seriously considering opening certain inland ports to US shipping. While it is probable that China will impose restrictions, such as specifying ports of call and limiting cargoes to relief and aid shipments, this action will be a distinct triumph for US policy in China.

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SECTION II. CURRENT DEVELOPMENTS

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US efforts to secure UK adoption of a civil air policy vis-a-vis the USSR and its Satellite States consistent with the newly formulated US policy, if successful, may have far-reaching effects. The US will now require transit and commercial landing rights in the USSR as a prerequisite to the reciprocal exchange of civil air rights with the Satellite States. (Finland is specifically excepted.) It is contemplated that a joint US-UK policy in this matter will induce other European powers to apply the same requirements in their dealings with the USSR and Satellite States and thus effectively deny to Soviet and Satellite civil air carriers the opportunity for operations in areas outside Soviet-controlled territory. While it is not intended by the US to ask the European powers to abrogate existing air agreements with Satellite countries, it is definitely intended to establish policy governing such future air agreements as may be sought by the USSR and the Satellite countries with non-Communist countries.

It is probable that France and Italy would agree to adopt this policy in the face of a strong stand by the US and UK. Norway and Belgium also would be likely to follow the US-UK lead. On the other hand, certain other developments may be anticipated: (1) the Netherlands, which provides scheduled services to Prague, has recently inaugurated commercially profitable air services to Budapest and may, therefore, be reluctant to take the forceful position to be advocated by the US and UK; (2) Denmark, having already given oral assurances to the Polish Government that it would be willing to negotiate an air agreement, providing each party secures landing rights in the territory of the other, may be unwilling to reverse itself; (3) Greece and Turkey, reluctant to disturb advantageous trade relations with Czechoslovakia, have already evaded US requests that they curtail and eventually terminate Czechoslovak air operations through their territory. This attitude probably would be maintained. Sweden, intent on preserving a neutral position, may be expected to temporize on the question of adopting an air policy dictated by the US and UK toward the USSR and Satellite States. The US, UK and France, however, regardless of the extent of cooperation by other countries, could effectively terminate the operation of Satellite airlines into Western Europe through denial of transit rights through the zones of military occupation.

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Despite vigorous opposition from domestic shipping and stevedoring interests, the Chinese Ministry of Communications is seriously considering opening certain inland ports to US shipping. While it is probable that China will impose restrictions, such as specifying ports of call and limiting cargoes to relief and aid shipments, this action will be a distinct triumph for US policy in China. By granting access to US vessels, however, while barring entry to vessels of other nations, China will almost certainly invite protests from other powers, notably the UK and the USSR. It is extremely unlikely, nevertheless, that China will allow the UK to re-establish operations without effective safeguards to forestall renewed British domination of Yangtze shipping. The Chinese reaction to the almost certain demand for equality with US shipping will probably be a polite refusal. China may adroitly block USSR demands (and those of the UK as well) by granting access to river ports on the same terms as to the US. Since the USSR and UK are unlikely to make relief and aid shipments, such a concession would be of no practical value to them.

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